

# PFS/CII MEMBER SURVEY

RETAIL DISTRIBUTION REVIEW AND PROFESSIONALISM

VIEWS OF FINANCIAL ADVISERS AND PRACTITIONERS

CONDUCTED BY ERNST & YOUNG

APRIL 2008

Retail Distribution Review

## SUMMARY

- A representative survey of 860 CII/PFS members revealed an overwhelming support for increased professional standards advocated by the CII and other professional bodies in response to the RDR.
- There was a near consensus (95%) supporting a single set of professional standards across the bodies, and four-fifths support an independent standards board having disciplinary powers.
- An overwhelming majority (88%) supported the idea of a standardised qualification framework to tackle the “alphabet soup” of qualifications.
- Yet again, four-fifths (80%) support mandatory professional body membership, and two-thirds (67%) believe that better qualifications mean higher quality of service to clients.
- There is also an overall improved attitude towards the RDR since the last surveys. For example, confidence that it will improve customer perceptions has increased from a fifth last autumn to over a third now.

## SURVEY DETAILS

The Chartered Insurance Institute (CII) and Personal Finance Society (PFS) commissioned its latest on-line survey by Ernst & Young. The poll was conducted in April 2008 to gauge views on RDR and 860 participated:

- 712 (83%) were authorised financial advisers, of which over 93% were IFAs (74% directly and 26% indirectly authorised), and the rest single- or multi-ties or bancassurers. The 17% of non-advisers were directors, managers, technical, sales force and compliance departments.
- 37% of respondents were small firms of 1-2 authorised individuals and nearly 15% were firms with over 50 authorised individuals.

## KEY FINDINGS

There was a very positive response to the CII's proposed package of professionalism, as also agreed with other leading financial services

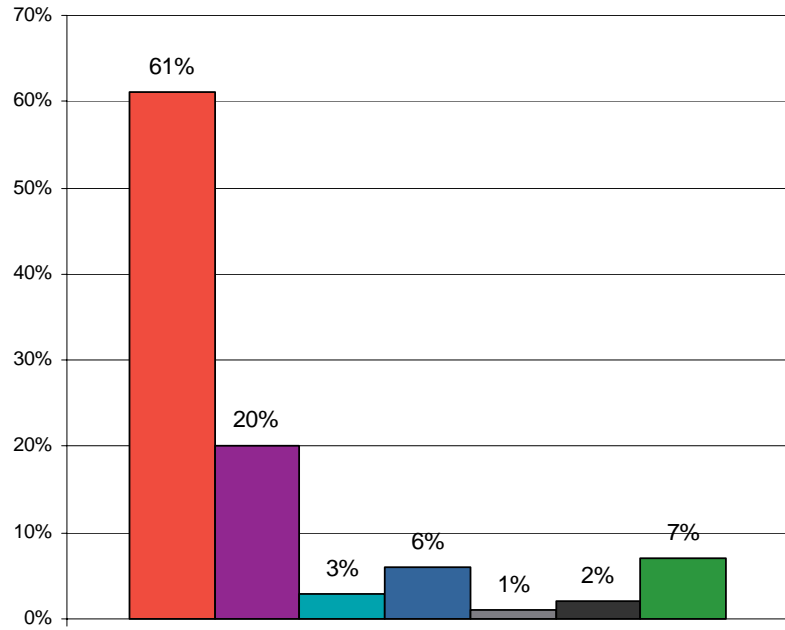
awarding bodies in the landmark *Edinburgh Declaration* in early April. A near consensus (95%) of PFS and CII Life & Pensions Faculty members supported a single set of professional standards, while other proposals enjoyed a vast majority support: a standardised qualification framework to tackle the “Alphabet Soup” of qualifications (88%); an independent external board with disciplinary powers (81%); and a single independent professional standards board sitting above the professional bodies (77%). There was also strong support that each financial advice tier should have minimum educational qualifications: more than four out of five (84%) of members felt those at PFP level should be Diploma or above.

Once again, four-fifths (80%) of the respondents support mandatory professional body membership for advisers, a similar proportion as surveys conducted last Autumn. Nearly two-thirds (65%) agreed yet again with the view that better qualified advisers deliver a higher quality advice.

There is also a clear indication that members are more supportive of the RDR and professionalism as a concept than in previous surveys. Determination to improve qualifications is stronger than ever, with 70% expecting to achieve further qualifications this month; up from 62% surveyed in September. Confidence in the RDR's impact has also improved: while barely one in five members (20%) surveyed in September thought that the RDR would improve consumer perception of the industry; this proportion has increased to one in three (34%). When asked about its impact on professionalism however, confidence is even greater: nearly three in five members (59%) agreed the RDR will lead to a more professional retail financial services market, an increase from 42% last September.

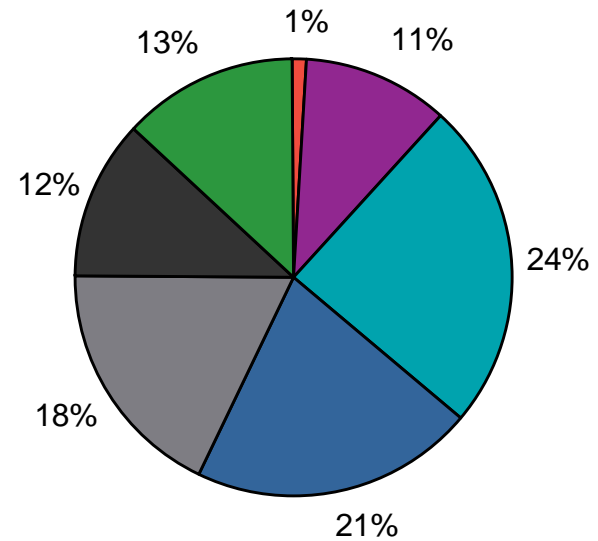
Knowledge of the RDR has also increased. In September, only 30% of members had read a summary of the FSA's discussion paper, and only 6% had read the whole paper. This month, the proportion having read a summary has doubled to 60% or three out of every five members; while nearly a fifth (18%) read the whole paper.

860 members responded, of which 61% were directly authorised IFAs, 20%<sup>3</sup> were indirectly authorised IFAs, while the balance were from multi-ties, single-ties and bancassurers



- IFA firm (directly authorised)
- IFA firm (network member ie indirectly authorised)
- Multi-tied agency
- Life company product provider
- Investment house
- Bancassurer
- Other (please specify)

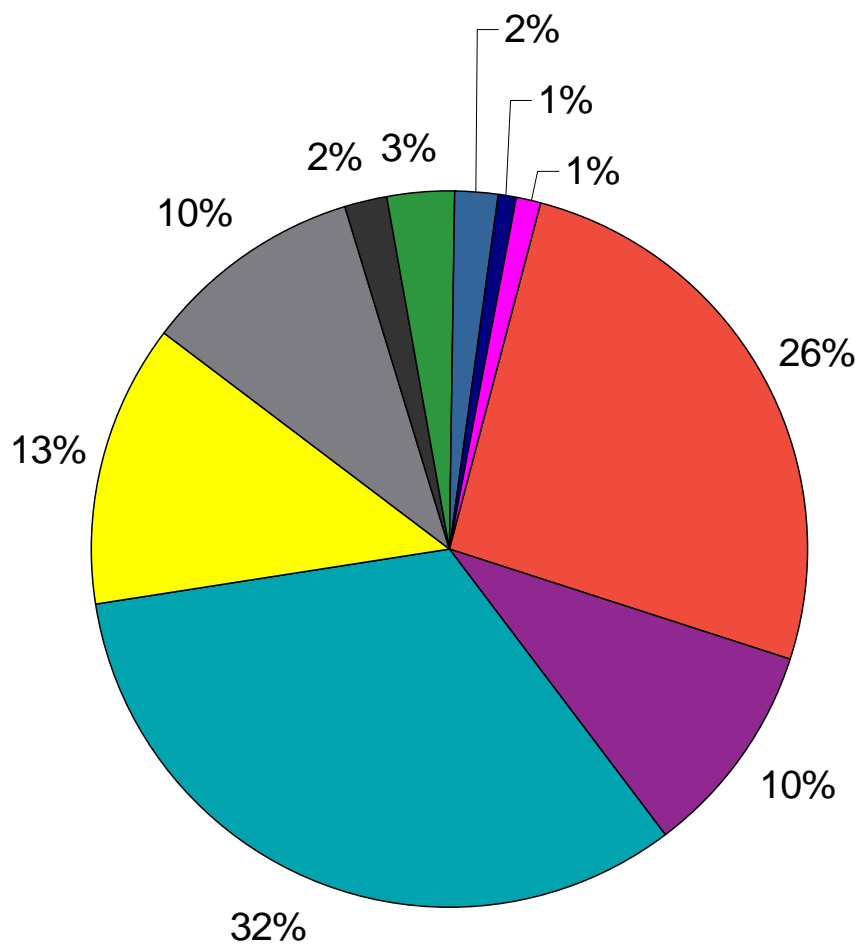
In which age bracket do you fall?



- Under 25
- 26-35
- 36-45
- 46-50
- 51-55
- 56-60
- Over 60

# The majority of respondents (68%) were IFA directly authorised advisers

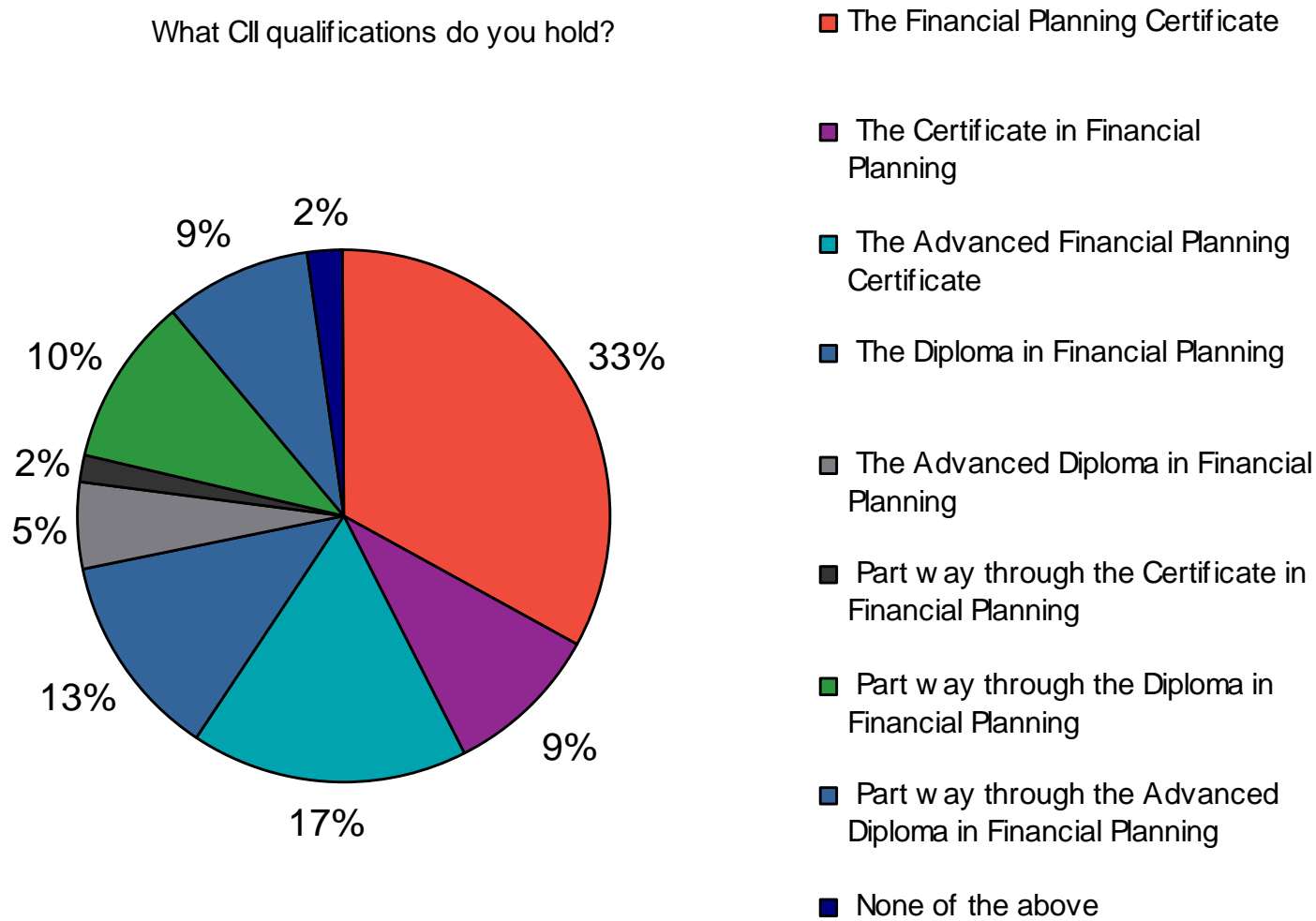
As an authorised adviser, what is your job role? (N=712)



- IFA (directly authorised) – principal (of a firm using a compliance service provider)
- IFA (directly authorised) - principal (of a firm NOT using a compliance service provider)
- IFA (directly authorised) – adviser
- IFA (indirectly authorised ie network member) – principal
- IFA (indirectly authorised ie network member) – advisor
- Multi-tied adviser – principal
- Multi-tied adviser – advisor
- Single tied adviser – principal
- Single tied adviser – advisor
- Bancassurance advisor

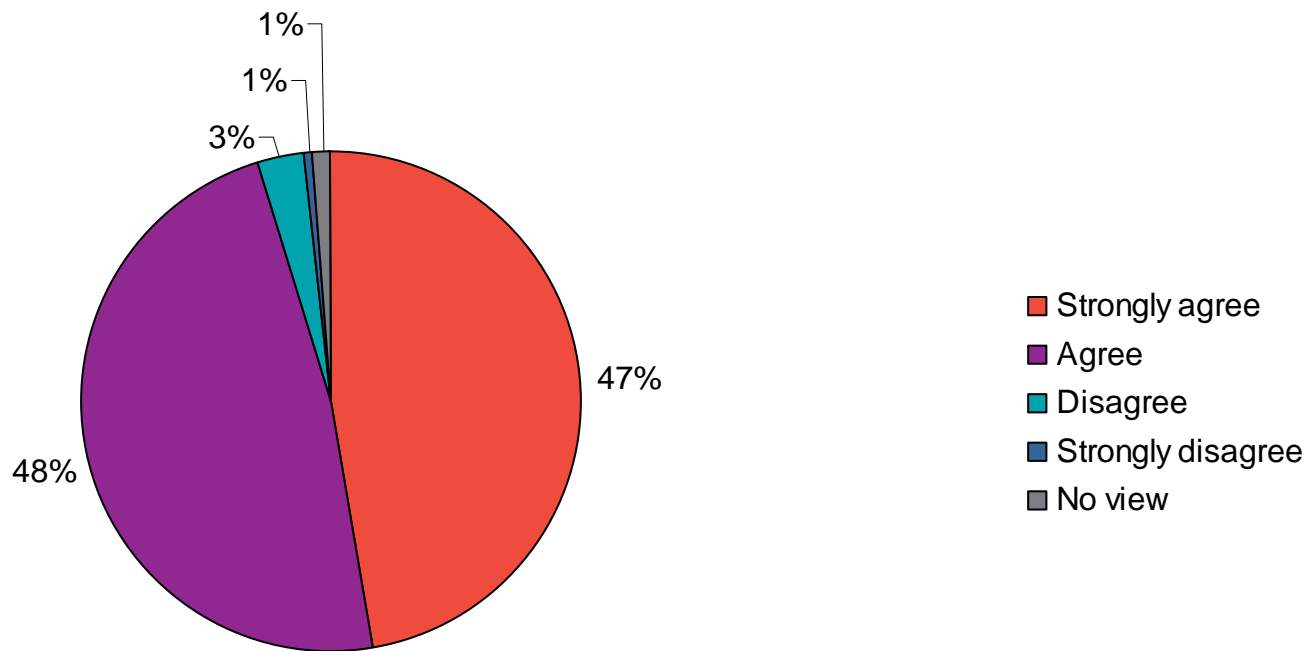
# 33% of respondents hold The Financial Planning Certificate

What CII qualifications do you hold?



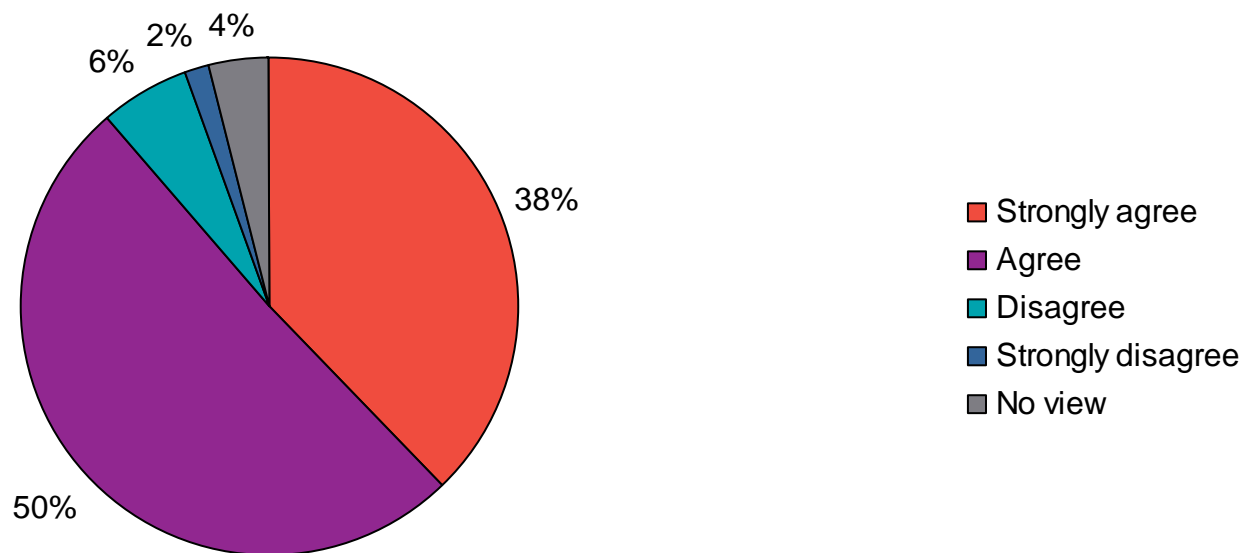
# 95% believe that 'a single set of professional standards and code of ethics should apply to all advisers'

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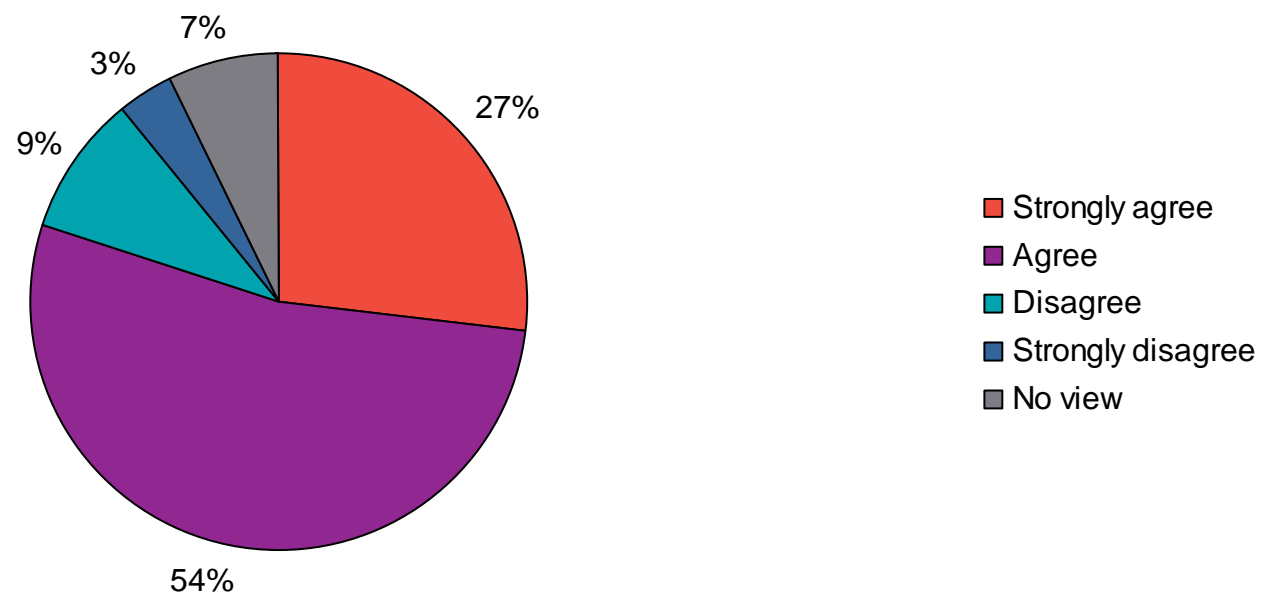
The majority (88%) agreed that a standardised qualifications framework should be devised to end 'alphabet soup'

A standardised qualifications framework should be devised to end 'alphabet soup'



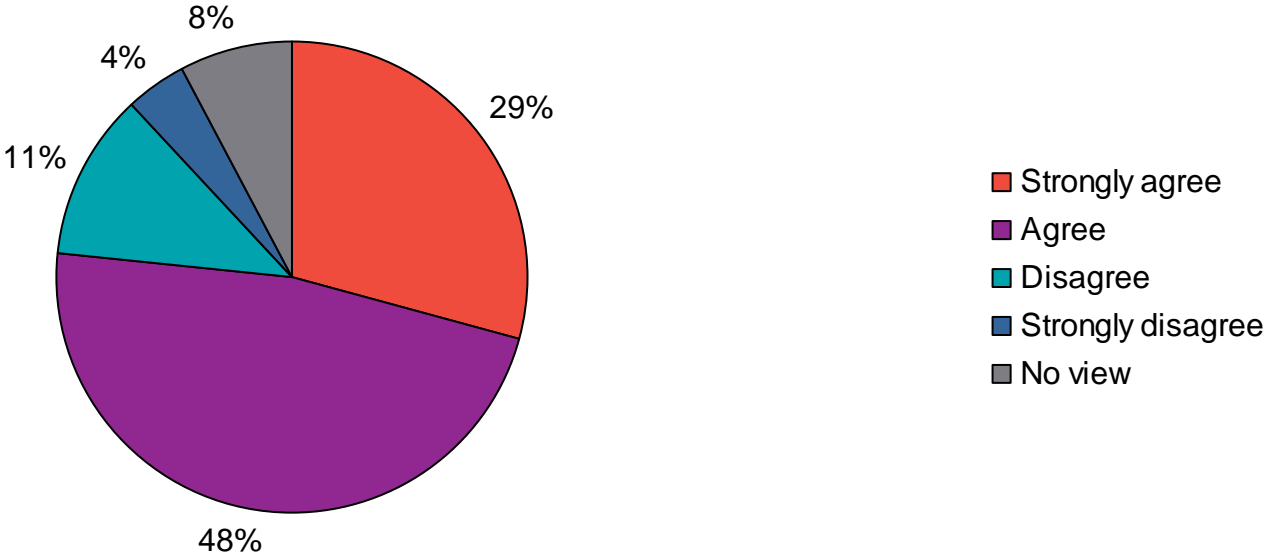
# 81% of respondents agree that ‘the independent board should have a disciplinary process with meaningful sanctions’

The independent board should have a disciplinary process with meaningful sanctions



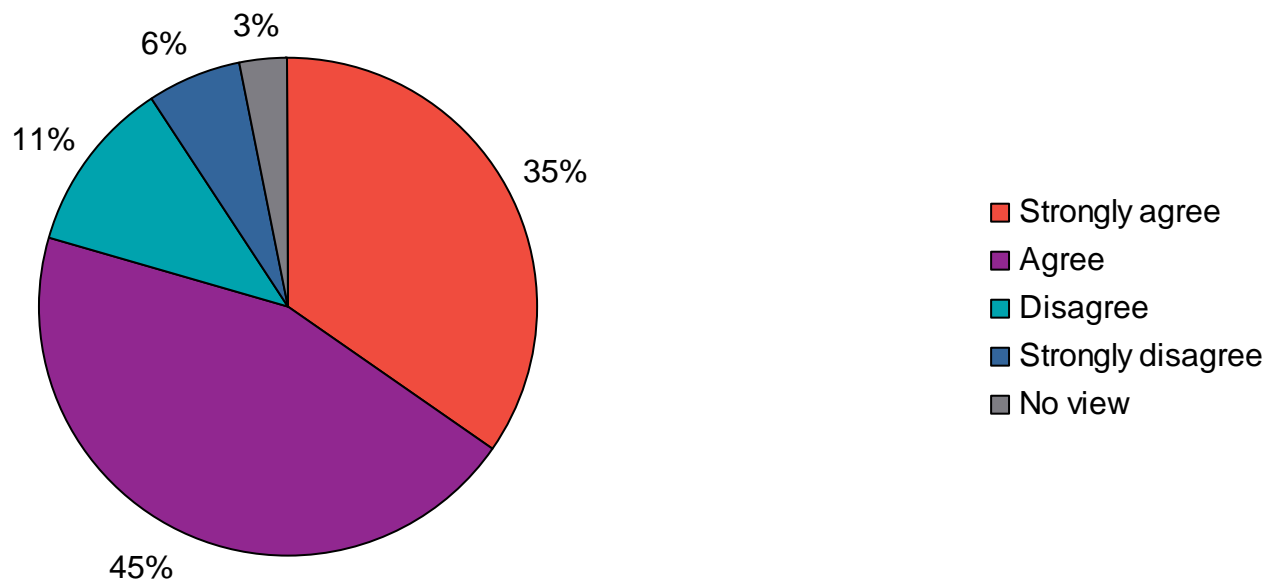
77% feel that 'a single independent professional standards board should be established to oversee professional standards of the existing professional bodies'

A single independent professional standards board should be established to oversee professional standards of the existing professional bodies



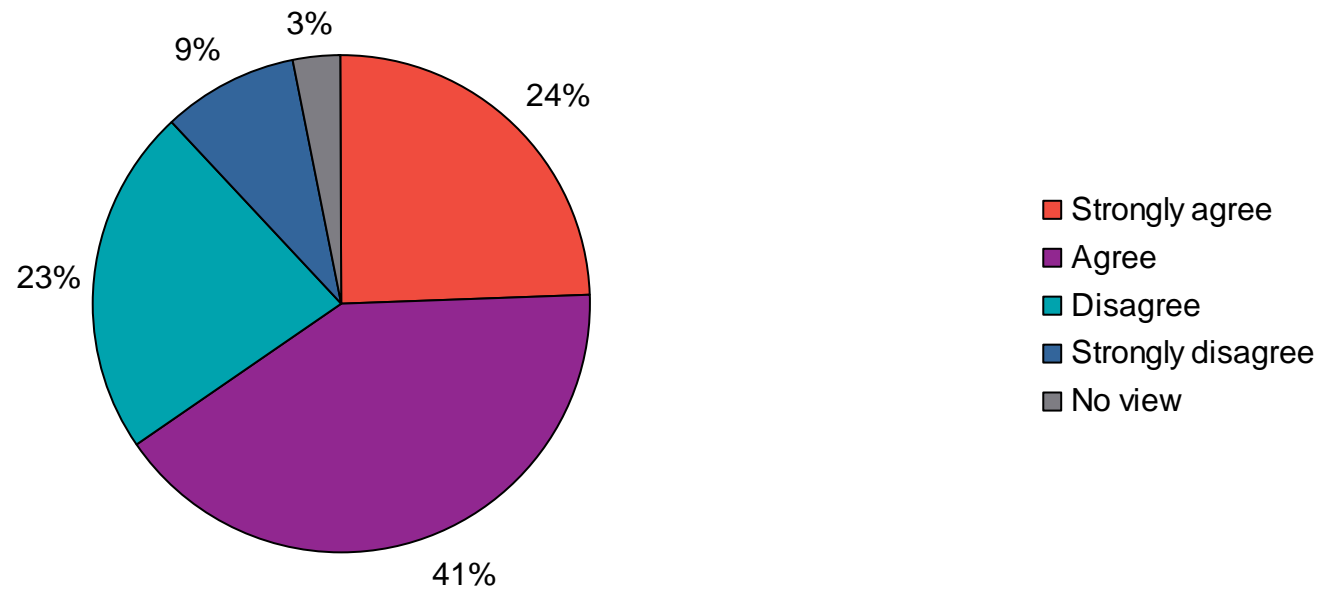
80% support that 'it should be mandatory for a financial adviser to be a member of a professional body'

It should be mandatory for a financial planner/adviser to be a member of a professional body



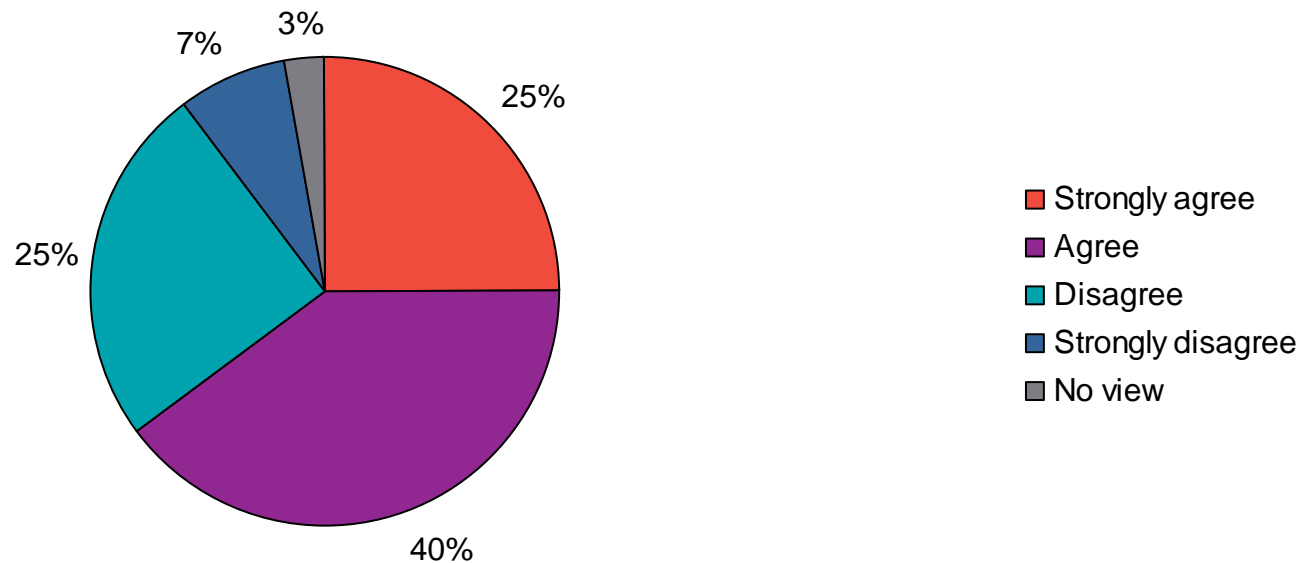
## A better qualified adviser delivers 'a higher quality of advice to clients' according to 65% of respondents

A better qualified adviser delivers a higher quality of advice to clients



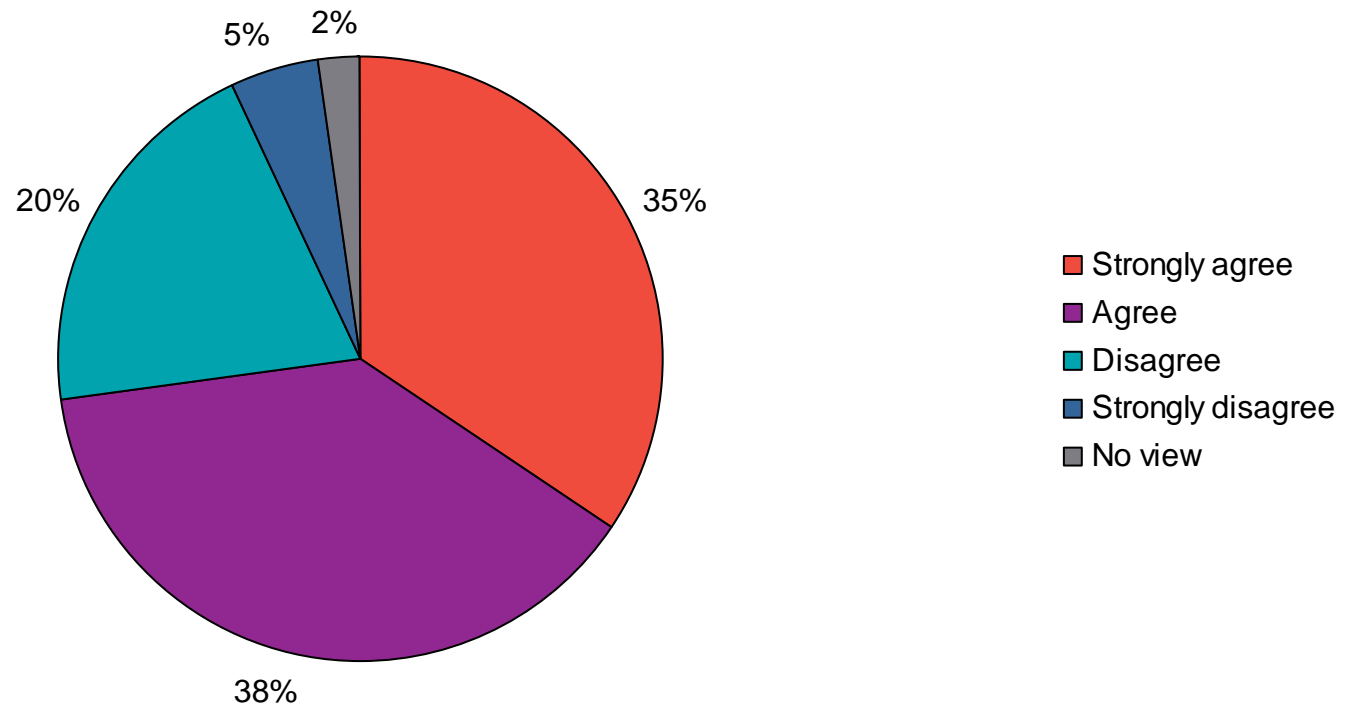
65% responded that 'The Diploma in Financial Planning should be the benchmark qualification for advisers operating above the proposed 'primary' tier'

The Diploma in Financial Planning should be the benchmark qualification for advisers operating above the proposed 'primary' tier



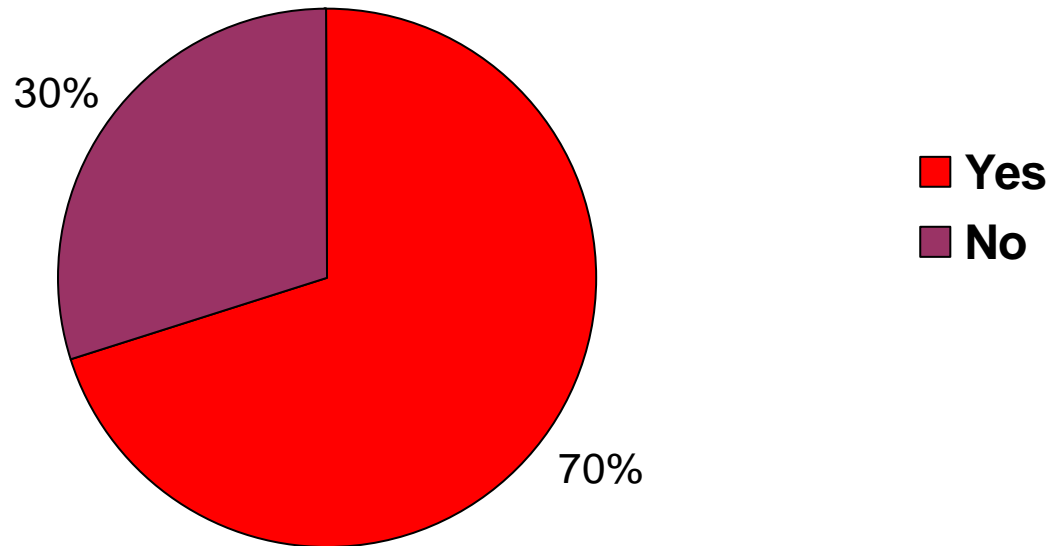
'Chartered Financial Planner status should be seen as the standard to aspire to' according to 73% of respondents

Chartered Financial Planner status should be seen as the standard to aspire to



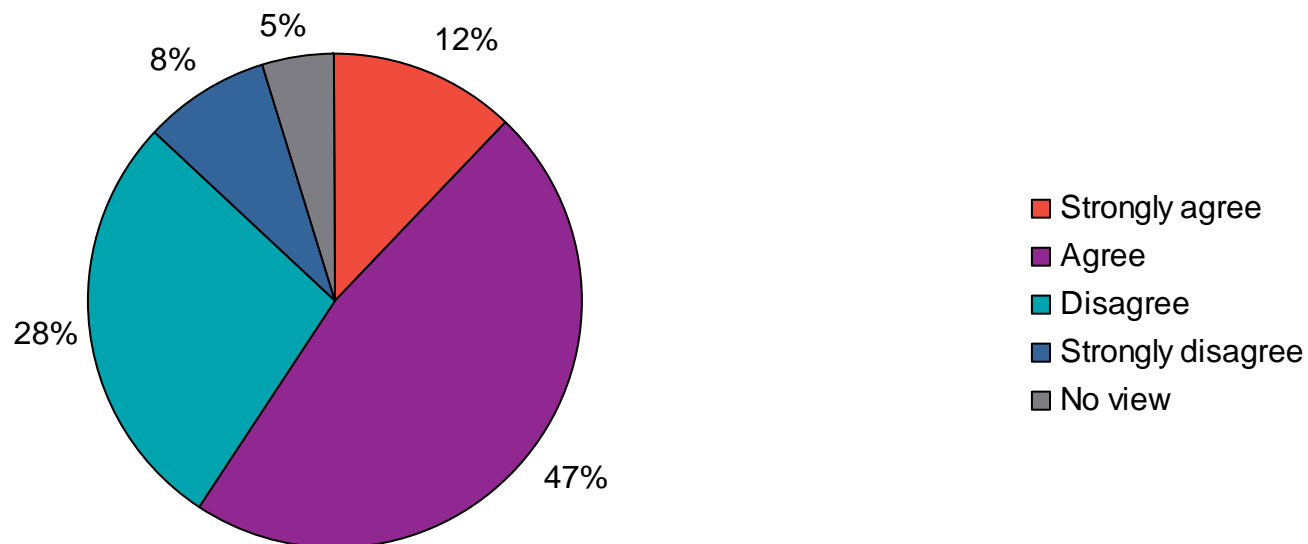
## 70% of members anticipate achieving further qualifications

Do you anticipate achieving further qualifications?



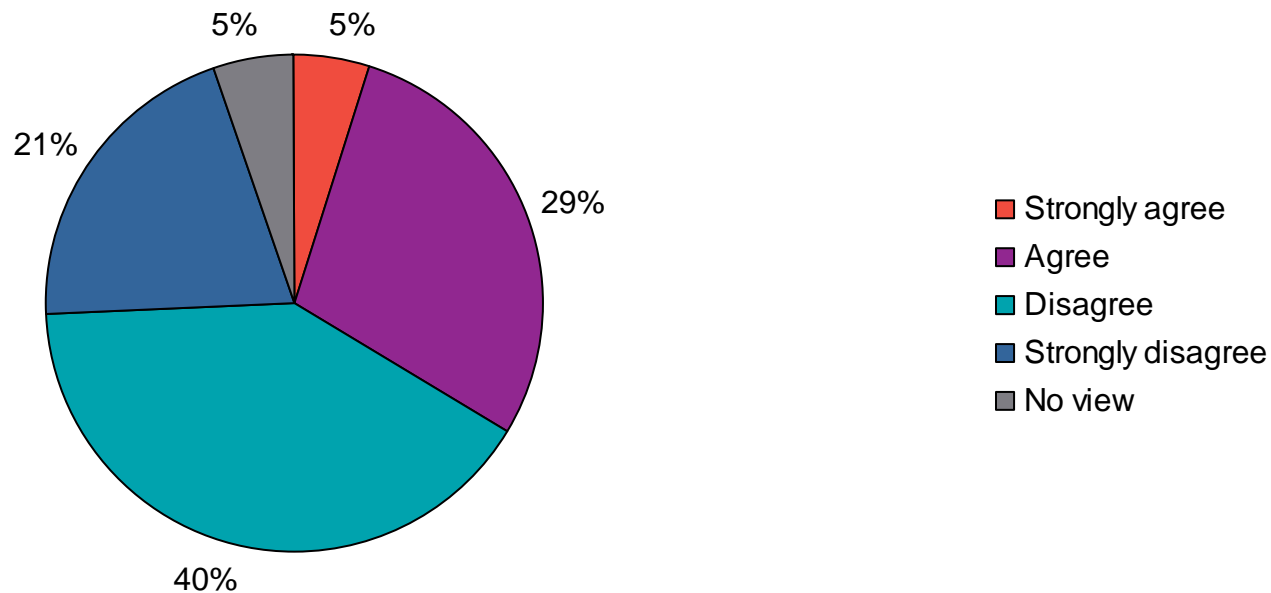
The majority (59%) agreed that 'the RDR will lead to a more professional retail financial services market'

The RDR will lead to a more professional retail financial services market

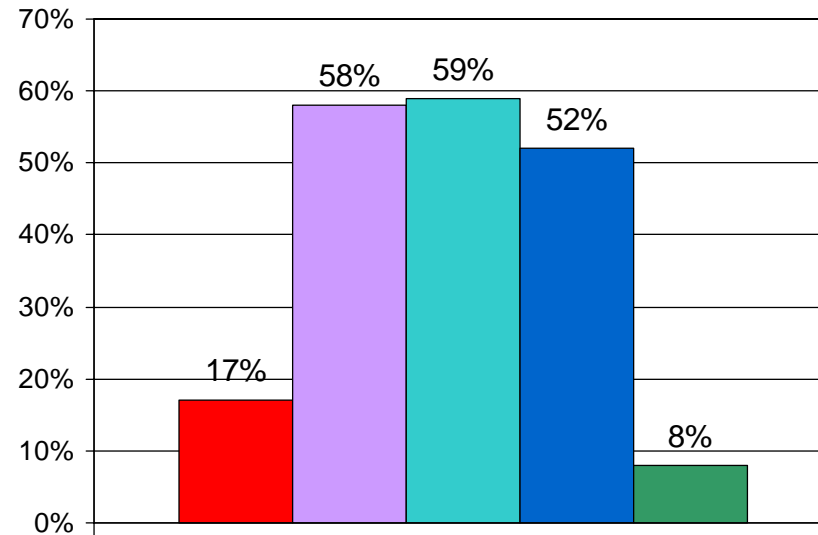


Most respondents (61%) believe that the RDR will not improve the customer's perception of the sector

The RDR will improve the consumer's perception of the retail financial services sector



## Three out of every five members (58%) have read a summary of the RDR paper



To what extent do you feel you know about the proposals contained in the FSA Discussion Paper? Have you...

- Read the Discussion paper
- Read a summary of it
- Read the press comment on it
- Discussed it with colleagues
- Don't know much about the RDR